



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2005 REGULAR SESSION

SENATE BILL NO. 218

AS ENACTED

TUESDAY, MARCH 8, 2005

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to medical assistance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 205.640 is amended to read as follows:

2 (1) The commissioner of Medicaid services shall adopt a disproportionate share
3 program consistent with the requirements of Title XIX of the Social Security Act
4 which shall include to the extent possible, but not limited to, the provisions of this
5 section.

6 (2) The "Medical Assistance Revolving Trust Fund" (MART) shall be established in
7 the State Treasury and all provider tax revenues collected pursuant to KRS 142.301
8 to 142.359 shall be deposited in the State Treasury and transferred on a quarterly
9 basis to the Department for Medicaid Services for use as specified in this section.
10 All investment earnings of the fund shall be credited to the fund. Provider tax
11 revenues collected in accordance with KRS 142.301 to 142.359 shall be used to
12 fund the provisions of KRS 216.2920 to 216.2929 and to supplement the medical
13 assistance-related general fund appropriations for fiscal year 1994 and subsequent
14 fiscal years. Notwithstanding the provisions of KRS 48.500 and 48.600, the MART
15 fund shall be exempt from any state budget reduction acts.

16 (3) (a) Beginning in state fiscal year 2000-2001 and continuing annually thereafter,
17 provider tax revenues and state and federal matching funds shall be used to
18 fund the disproportionate share program established by the commissioner of
19 Medicaid services. Disproportionate share funds shall be distributed~~divided~~
20 ~~into three (3) pools for distribution~~ as follows:

21 1.~~[Forty three and ninety two hundredths percent (43.92%) of the total~~
22 ~~disproportionate share funds shall be allocated to acute care hospitals;~~

23 2.~~] Thirty-seven percent (37%) of the total disproportionate share funds~~
24 ~~shall be allocated to university hospitals;[and]~~

25 2.~~[3.]~~Nineteen and eight hundredths percent (19.08%) of the total

disproportionate share funds shall be allocated to private psychiatric hospitals and state mental hospitals, with the allocation to each respective group of hospitals established by the biennial budget;

3. All otherwise unreimbursed indigent care costs of nonstate publicly owned hospitals shall be covered based upon certification by the hospitals of expenditures for services provided to the indigent; and

4. All remaining disproportionate share funds shall be allocated to private acute care hospitals, subject to the availability of state matching funds.

If, in any year, one (1) or both university hospitals fail to provide state matching funds necessary to secure federal financial participation for the funds allocated to university hospitals under this subsection, the portion of the funding allocation applicable to the hospital or hospitals that fail to provide state matching funds shall be made available to acute care hospitals.

(b) The MART fund shall be used to compensate acute care hospitals~~[, private psychiatric hospitals, and university hospitals]~~ qualifying for the disproportionate share program for uncompensated service provided by the hospitals to individuals and families with total annual incomes and resources up to one hundred percent (100%) of the federal poverty level, as determined by the hospital pursuant to administrative regulations promulgated by the Cabinet for Health Services in accordance with this section.

(c) An individual hospital shall receive distributions for indigent care provided by that hospital that meets the guidelines established in paragraph (a) of this subsection.

(d) Distributions to private acute care and private psychiatric hospitals shall be made as follows:

1. The department shall calculate an indigent care factor for each hospital

1 annually. The indigent care factor shall be determined by calculating the
 2 percentage of each hospital's annual indigent care costs ~~of~~toward the
 3 sum of the total annual indigent care costs for all hospitals within each
 4 respective pool.~~[For purposes of this paragraph, "indigent care costs"~~
 5 ~~means the hospital's inpatient and outpatient care as reported to the~~
 6 ~~department multiplied by the hospital's Medicaid rate, or at a rate~~
 7 ~~determined by the department in administrative regulation that, when~~
 8 ~~multiplied by the hospital's reported indigent care, is equivalent to the~~
 9 ~~amount that would be payable by the department under the fee-for-~~
 10 ~~service Medicaid program for the hospital's total reported indigent care.]~~

11 2. Each hospital's annual distribution shall be calculated by multiplying the
 12 hospital's indigent care factor by the total fund allocated to all hospitals
 13 within the respective pool under paragraph (a) of this subsection.

14 a. Hospitals shall report uncompensated care provided to qualified
 15 individuals and families with total annual incomes and resources
 16 up to one hundred percent (100%) of the federal poverty level,
 17 including care rendered to indigent persons age twenty-two (22) to
 18 sixty-four (64) in a psychiatric hospital to the Cabinet for Health
 19 Services on a quarterly basis. However, all data for care provided
 20 during the state fiscal year shall be submitted no later than August
 21 15 of each year.

22 b. ~~[The department shall use indigent care data for services delivered~~
 23 ~~from October 1, 1998, through September 30, 1999, as reported by~~
 24 ~~hospitals to calculate each hospital's indigent care factor for state~~
 25 ~~fiscal year 2000-2001.]~~For each state fiscal year~~[2001-2002 and~~
 26 ~~each year thereafter]~~, the department shall use data reported by the
 27 hospitals for indigent care services rendered for the twelve (12)

1 month period ending June 30 of each year as reported by the
 2 hospital to the department by August 15 in calculating each
 3 hospital's indigent care factor. The hospital shall, upon request by
 4 the Cabinet for Health Services, submit any supporting
 5 documentation to verify the indigent care data submitted for the
 6 calculation of an indigent care factor and annual payment.

7 c. By September 1 of each year, the department shall calculate a
 8 preliminary indigent care factor and preliminary annual payment
 9 amount for each hospital, and shall notify each hospital of their
 10 calculation. The notice shall contain a listing of each hospital's
 11 indigent care costs, their indigent care factor, and the estimated
 12 annual payment amount. Hospitals shall notify the department by
 13 September 15 of any adjustments in the department's preliminary
 14 calculations. The department shall make adjustments identified by
 15 hospitals and shall make a final determination of each hospital's
 16 indigent care factor and annual payment amount by October 1.

17 (e) For fiscal year 2000-2001 and continuing annually thereafter, the department
 18 shall issue to each private acute, state-owned university, and private and
 19 public psychiatric hospital one (1) lump-sum payment on October 15, or later
 20 as soon as federal financial participation becomes available, for the
 21 disproportionate share funds available during the corresponding federal fiscal
 22 year. Payments to nonstate public acute hospitals shall be made at least
 23 quarterly.

24 (4) Notwithstanding any other provision to contrary, total annual disproportionate share
 25 payments made to state mental hospitals, university hospitals, acute care hospitals,
 26 and private psychiatric hospitals in each state fiscal year shall be equal to the
 27 maximum amount of disproportionate share payments established under the Federal

1 Balanced Budget Act of 1997 and any amendments thereto. Disproportionate share
2 payments shall be subject to the availability of adequate state matching funds and
3 shall not exceed total uncompensated costs.

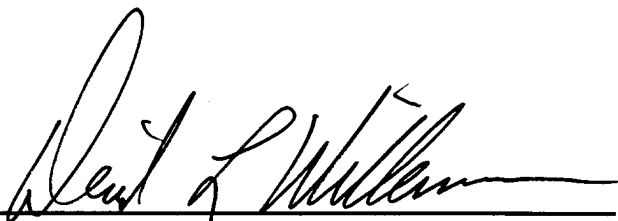
4 (5) Hospitals receiving reimbursement shall not bill patients for services submitted for
5 reimbursement under this section and KRS 205.641. Services provided to
6 individuals who are eligible for medical assistance or the Kentucky Children's
7 Health Insurance Program do not qualify for reimbursement under this section and
8 KRS 205.641. Hospitals shall make a reasonable determination that an individual
9 does not qualify for these programs and shall request the individual to apply, if
10 appropriate, for medical assistance or Kentucky Children's Health Insurance on
11 forms supplied by and in accordance with procedures established by the Department
12 for Medicaid Services. The hospital shall document any refusal to apply and shall
13 inform the patient that the refusal may result in the patient being billed for any
14 services performed. The hospital shall not be eligible for reimbursement if the
15 patient was eligible for medical assistance or Kentucky Children's Health Insurance
16 and did not apply. Hospitals receiving reimbursement under this section and KRS
17 205.641 shall not bill patients for services provided to patients not eligible for
18 medical assistance with family incomes up to one hundred percent (100%) of the
19 federal poverty level.

20 (6) The secretary of the Cabinet for Health Services shall promulgate administrative
21 regulations necessary, pursuant to KRS Chapter 13A, for the administration and
22 implementation of this section.

23 (7) All hospitals receiving reimbursement under this section and KRS 205.641 shall
24 display prominently a sign which reads as follows: "This hospital will accept
25 patients regardless of race, creed, ethnic background, or ability to pay."

26 Section 2. This Act shall become effective upon certification to the Reviser of
27 Statutes from the secretary of the Cabinet for Health Services that necessary federal

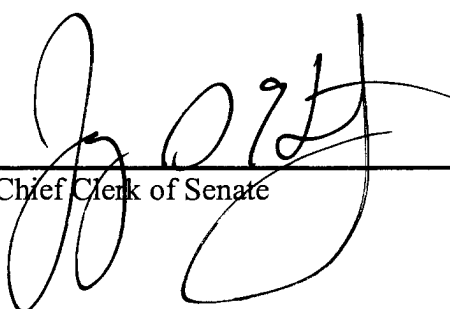
1 approval of the proposed distribution of disproportionate share funds outlined in
2 subsection (3) of Section 1 has been obtained. This Act shall not become effective if
3 certification is not received prior to July 1, 2006.



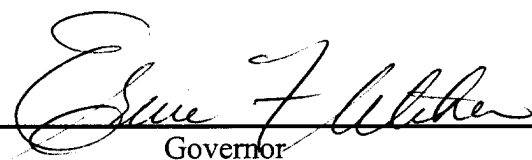
President of the Senate



Speaker-House of Representatives

Attest: 

Chief Clerk of Senate

Approved 

Governor

Date 
